

Message Text

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ACTION L-03

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CIAE-00 INR-07 NSAE-00 OMB-01 SSO-00 NSCE-00 INRE-00

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O 162255Z MAR 76

FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 9349

C O N F I D E N T I A L LIMA 2536

FOR ARA - MR. RYAN; L/ARA - MR. GANTZ; S/P - MR. EINAUDI;
TREASURY - MR. MARESCA

EO 11652: GDS

TAGS: EIND, EINV, BDIS, EMIN, PFOR, PE

SUBJECT: MARCONA - DE LA PUENTE CONVERSATION WITH AMBASSADOR

REF: STATE 62047; STATE 61071

1. ON EVENING MONDAY, MARCH 15, AMBASSADOR DE LA PUENTE AND I HAD OCCASION AT A DIPLOMATIC FUNCTION TO HOLD A RATHER DETAILED CONVERSATION REGARDING MARCONA. I TOLD DE LA PUENTE THAT HIS LETTER TO FISHLOW OF THURSDAY EVEING WAS RATHER POSITIVE IN TONE AND I THOUGHT IT WAS USEFUL IN THE AFTERMATH OF LAST WEEK'S NEGOTIATIONS. DE LE PUENTE REPLIED THAT HE WAS PLEASED WE HAD INTERPRETED THE LETTER IN THIS LIGHT. HE SAID THE LETTER'S CONTENTS WERE PERSONALLY APPROVED BY PRESIDENT MORALES BERMUDEZ WHO HAD BEEN GIRIEVED BY THE UNTIMELY AND UNSATISFACTORY EARLY END OF THE NEOGITIATIONS.

2. DE LA PUENTE TOLD ME THAT THE PERUVIAN SIDE CONTINUES TO MAKE A SUBSTANTIAL EFFORT TO COME IN WITH AN OFFER OF OVER \$30 MILLION. I NOTED THAT THE PERUVIAN'S BOOK-VALUE APPROACH WOULD NOT BE SUFFICIENT TO GET US WITHIN AN ACCEPTABLE RANGE AND REITERATED THE
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FACT THAT IT APPEARED NECESSARY FOR THE POLITICAL LEVEL

TO BEOMCE INVOLVED IN ORDER TO REACH AN AGREEMENT.

3. DE LA PEUNTE AGREED, ADDING THAT ONE OF THE MAJOR PROBLEMS IN GETTING INTO AN ACCEPTABLE RANGE WAS THE FACT THAT 45 PERCENT OF THE ASSETS OF MARCONA WERE INTERPRETED AS BEING CONFISCATED RATHER THAN EXPROPRIATED SO THAT RATHER A LARGE PERCENTAGE OF THE TOTAL ASSETS COULD NOT BE INCLUDED IN REACHING A FINAL FIGURE. DE LA PEUNTE THEN IMPLIED THAT THE PERUVIAN SIDE MIGHT BE WILLING TO RECONSIDER THE PERCENTAGE OF CONFISCATED ASSETS IN ORDER TO REDUCE THE 45 PERCENT, AND THAT BETWEEN THIS EFFORT AND A POLITICAL DECISION THE PERUVIANS MIGHT BE WILLING TO GO INTO THE \$40-\$50 MILLION RANGE IN A FINAL SETTLEMENT.

4. I REVIEWED ONCE AGAIN THE PROBLEMS WITH BOOK VALUE, THE NECESSITY OF CONSIDERING AN ON-GOING RELATIONSHIP AND THE NEED FOR REASONABLE COMPROMISE. I TOLD DE LA PUENTE THAT (A) IT IS NECESSARY TO GO BEYOND THE APPROACH ALREADY TAKEN, (B) WE ARE BOUND BY CONSIDERATIONS OF INTERNATIONAL LAW, AND (C) WE MUST CONSIDER OUR OWN LEGISLATIVE AND METHODOLOGICAL REQUIREMENTS. I THEN MENTIONED TO DE LA PUENTE THAT WE HAD RECEIVED INFORMATION ABOUT GARCIA BEDOYA'S MARCH 11 CALL ON EPUTY ASSISTANT SECRETARY RYAN AND THAT GARCIA BEDOYA HAD TOLD THE DEPARTMENT THAT THE PERUVIANS COULD NOT MOVE BEYOND \$20 MILLION LIMIT. DE LA PUENTE EXPRESSED CHAGRIN AT THIS DEVELOPMENT SAYING THAT GARCIA BEDOYA HAD BEEN INSTRUCTED TO APPROACH THE DEPARTMENT BUT NOT TO DISCUSS FIGURES. HE SAID HE WAS GLAD I HAD INFORMED HIM OF THIS MISINTERPRETATION WHICH HE WOULD RECTIFY IMMEDIATELY.

5. FINALLY, I ALSO REEMPHASIZED TO DE LA PUENTE THAT TIME IS OF THE ESSENCE SINCE THERE WILL PROBABLY BE AN INTERAGENCY GROUP MEETING TO DISCUSS THE PROBLEM WITHIN TWO WEEKS OR SO.

6. COMMENT: DE LA PUENTE'S ATTITUDE INDICATED THAT THE PERUVIANS ARE QUITE CONCERNED WITH THE LOOMING POSSIBILITY OF A FAILURE TO SETTLE MARCONA. WHETHER OR NOT THEY WILL BE ABLE TO MAKE A CONCRETE OFFER SUCH AS THAT IMPLIED IN CONFIDENTIAL

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THE MARCH 11 DE LA PUENTE-FISHLOW LETTER TO GET WITHIN AN ACCEPTABLE RANGE REMAINS TO BE SEEN. HOWEVER, DE LA PUENTE'S ATTITUDE CERTAINLY REFLECTS THEIR CONCERN, AND HE SEEMED TO BE GENUINELY TAKEN ABACK BY GARCIA BEDOYA'S DISCUSSING FIGURES WITH THE DEPARTMENT, AND DETERMINED TO KEEP THE NEGOTIATING DOOR OPEN. I EXPECT FURTHER WORD FROM HIM IN THE DAYS AHEAD.
DEAN

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NNN

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